

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2016050847301**

TO: Department of Enforcement  
Financial Industry Regulatory Authority (FINRA)

RE: Brian J. Lockett, Respondent  
General Securities Representative  
CRD No. 4573162

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Brian J. Lockett ("Respondent" or "Lockett") submits this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

**BACKGROUND**

Brian J. Lockett ("Lockett") first associated with a FINRA member firm in 2002. In February 2004, Lockett became registered as a General Securities Representative with FINRA member firm, Geneos Wealth Management, Inc. (the "Firm"), and remained there until his voluntary termination in November 2013. That same month, Lockett became associated as a General Securities Representative with another FINRA member firm, where he remains associated today. On July 28, 2016, the Firm filed a Form U5 Amendment reporting a verbal complaint by and settlement with a Firm customer who alleged, in part, that Lockett had recommended an "unapproved private investment in 2012."

Because Lockett is currently associated with a FINRA member firm, he is subject to FINRA's jurisdiction.

**RELEVANT DISCIPLINARY HISTORY**

Lockett does not have any disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

## OVERVIEW

In July 2012, Lockett participated in a private securities transaction without providing prior written notice to the Firm. Lockett thereby violated NASD Rule 3040(b) and FINRA Rule 2010.

## FACTS AND VIOLATIVE CONDUCT

FINRA began an investigation into this matter after receiving the Form U5 Amendment described above.

NASD Rule 3040(b)<sup>1</sup> prohibited an associated person from participating in a private securities transaction without first providing written notice to the member firm describing in detail the proposed transaction and the person's proposed role therein and stating whether selling compensation has been or may be received in connection with the transaction. A violation of NASD Rule 3040(b) is also a violation of FINRA Rule 2010.

In July 2012, one of Lockett's customers (the "Customer") invested a total of \$50,000 in a private placement offering. Lockett participated in the transaction by introducing the transaction to the Customer; summarizing the reasons he liked the investment; meeting with the Customer to review and sign the paperwork; and, causing the paperwork to be submitted. Lockett did not receive compensation for his participation in the transaction.

Prior to his participation, Lockett did not provide the Firm with written notice of the transaction. In addition, in March 2013, Lockett attempted to conceal his role in the transaction by suggesting to the Customer that the Customer communicate about the transaction with Lockett in the future via Lockett's personal email address.

After the Customer complained to the Firm, the Firm entered into a settlement to resolve the complaint.

By virtue of the foregoing, Lockett violated NASD Rule 3040(b) and FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

- A forty-five (45) calendar day suspension from association with any FINRA member firm in any capacity; and
- A \$5,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined

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<sup>1</sup> NASD Rule 3040 was superseded by FINRA Rule 3280 on September 21, 2015, after the relevant period herein.

in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. See FINRA Rules 8310 and 8311.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

## II.

### **WAIVER OF PROCEDURAL RIGHTS**

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

## III.

### **OTHER MATTERS**

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
  - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or


any other regulator against Respondent;

2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce him to submit this AWC.

10/14/19  
Date

  
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Brian J. Lockett  
Respondent

Reviewed by:



Roger D. Mellem  
Counsel for Respondent  
Ryan, Swanson & Cleveland, PLLC  
1201 Third Avenue, Suite 3400  
Seattle, WA 98101-3034

Accepted by FINRA:

November 12, 2019  
Date

Signed on behalf of the  
Director of ODA, by delegated authority



Dana M. Roth  
Senior Counsel  
FINRA  
Department of Enforcement  
One Brookfield Place, 11th Floor  
New York, New York 10281